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NSC BRIEFING

6 January 1958

VENEZUELA

I. A major portion of Venezuelan air force (2,000 men--60 jets), under the reported leadership of its chief of staff, launched revolt on 1 January against authoritarian regime of President Perez.

A. Revolt was crushed within 36 hours and leaders are mostly either under arrest or have fled by plane to exile in Colombia (group included Perez' personal pilot).

Rebels flew over Caracas in F-86, Vampire (British jet), Canberra (British jet), C-47, and B-25 aircraft.

1. Apparently made one strafing attack and dropped one bomb.
2. Anti-aircraft fire reportedly downed one rebel plane.
3. At least 25 aircraft landed at airfield near Caracas to join government forces.

C. Government was aware of discontent and plotting among military as early as November and apparently took strict precautions.

1. Chilean diplomat was arrested in November for spreading rumors of military plotting. This led to November 28 break in Chilean-Venezuelan relations.
2. Government arrested army commander day before the revolt started.
3. Government may have secured bombs and ammunition, thus largely preventing rebel planes from making attacks.

D. The army (14,500)--key element in the armed forces and Perez' main source of power--was largely instrumental in putting down the revolt.

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Approved For Release 2002/09/04 : CIA-RDP79R00890A000900050002-1

1. However, some army units participated in the revolt and the regime arrested the army commander and reportedly several other high-ranking officers. Thus, it appears that army is not completely reliable.
2. Largely suppressed opposition to Perez, including Communist Party and leftist Democratic Action (both outlawed) did not participate in revolt. Neither did the Church.
3. <sup>However</sup> Newspapers refused to obey regime order to publish front-page editorial condemning revolt. Regime, while arresting two publishers, backed down. Press defiance continues as four newspapers refuse to publish at all until two publishers are released.

E. A major shakeup in the armed forces and other disciplinary actions could lead to further military plotting.

II. Perez, a professional army officer, has been dictator since 1952.

- A. He was selected for a second five-year term as president on 15 December plebiscite.
- B. He has ability to take decisive action, and in the past has been ruthless in stamping out disloyalty.
- C. However, unreliability of some of armed forces, including elements of army, has seriously weakened his regime. His ability to remain in power will depend on how he is able to retain the essential military loyalties.

III. Any government which might replace present regime is likely to be dominated by military although there would probably be increase in civilian influence and some relaxation of authoritarian control.

Any possible future regime is also likely to be pro-US.

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IV. US has a major economic stake in Venezuela.

- A. Book value of US private direct investment there is over 2 billion. US overseas investment larger only in Canada.
- B. Venezuela is world's leading petroleum exporter and second largest producer, averaging 2,800,000 bpd during first three quarters of 1957.
- C. Venezuela is a major supplier of oil and iron to US and in 1956 was the third Western Hemisphere market for US exports (after Canada and Mexico).

V. Comparison of Venezuelan oil production with other countries (in barrels per day).

<u>Venezuela</u>	2.8 million
<u>All Middle East</u>	3.8 million
incl. Saudi Arabia	1.1 million
Kuwait	1.2 million
Iran	760 thousand
Iraq	650 thousand
Qatar	140 thousand
Bahrein	30 thousand
United States	7.1 million
Total Western Hemisphere	17.1 million
Total Bloc	2.2 million
Total world	17.5 million

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